Please return for my Nixon file. While this duplicates muc of what was in Sundance and other sources, which are cited it has some different content and has different perspectiv es. One of the things that you may find of interest is the inference of homosexuality in both Nixon and Rebozo. I do think it is past time for the major media to be making some mention of and investigating the crookedness with which Nixon has been associated all his political life. I am certain that despite what this eems to say, personal financial crookedness much larger than the slush fund will surface, especially with his homes. HW 4/27/73

The World Behind Watergate

N.Y. Review 5/3/73

Kirkpatrick Sale

The bedfellows politics makes are never strange; it only seems that way to those who have not watched the courtship. In Richard Nixon's case, notwithstanding his presence in national politics for the last twenty-five years, those courtships have remained remarkably unexamined—or, when examined, remarkably misunderstood—and as a result the bedfellows he has acquired have remained unusually obscure both to the public and to the political pundits who are supposed to conjure with such things. Certain obvious relationships, to be sure, have been given attention—the back-scratching of Nixon and his old friend and Pepsico chairman Donald Kendall, for example,[1] the latest evidence of which is Washington's gift of the Soviet soft-drink franchise to Pepsi-Cola. But the wider pattern of his associations, the character of his power base, remains essentially obscure. This seems particularly dangerous in view of the evidence that these people will be influential in American government not only for the next four years but for the foreseeable future.

The Nixonian bedfellows, the people whose creed the President expresses and whose interests he guards, are, to generalize, the economic sovereigns of America's Southern rim, the "sunbelt" that runs from Southern California, through Arizona and Texas, down to the Florida keys. They are for the most part new-money people, without the family fortunes and backgrounds of Eastern wealth (Rockefellers, DuPonts, etc.), people whose fortunes have been made only in the postwar decades, mostly in new industries such as aerospace and defense contracting, in oil, natural gas, and allied businesses, usually domestic rather than international, and in real-estate operations during the postwar sunbelt population boom.

They are "self-made" men and women, in the sense that they did not generally inherit great riches (though of course in another sense they are government-made, depending, as in oil and aerospace, on large favors from Washington, but they hardly like to think of it that way), and they tend to a notable degree to be politically conservative, even retrograde, usually anti-union, antiblack, anticonsumer, and antiregulation, and quite often associated with professional "anti-communist" organizations. Whether because of the newness of their position, their frontier heritage, or their lack of old-school ties, they tend to be without particular concerns about the niceties of business ethics and morals, and therefore to be connected more than earlier money would have thought wise with shady speculations, political influence-peddling, corrupt unions, and even organized crime.

The political ascendancy of these Southern-rim people—those whom Carl Oglesby once called "the cowboys," as distinct from "the yankees" of old Eastern money—has taken place coincidentally with their economic growth in the last generation. Their power on a state level was solidified a decade or so ago, and they made certain inroads to national influence with Johnson's assumption of the presidency in 1963.[2] But it was not until the election of Richard Nixon in 1968—and even more now during a second term in which he seems far beyond mediating pressure from the press, Congress, and public—that the Southern-rim bedfellows were firmly installed in the bedrooms of political power in Washington. It is a fitting symbol of this that Nixon has established White Houses at the two extremes of the Southern rim, San Clemente and Key Biscayne.

Now it is certainly true that the yankees retain considerable power in national politics, that the Wall Street investment houses and the family banks and the well-established holding and insurance companies still have influence throughout local and federal government. No one would want to suggest that David Rockefeller or the First National City Bank was inconsequential in guiding the affairs of state—and the important position of Henry Kissinger, a man with authentic yankee ties (Harvard, Rockefeller Brothers Fund, Council on Foreign Relations) attests to their continuing influence. What is important to note, however, is the *relative* decline of the yankees in recent years and their relinquishment of important powers to cowboy hands. Moreover, as the economic importance of the Southern rim has increased, New York banks and investment houses (notably Loeb Rhoades and Lehman Brothers) have bought into its businesses, with the result that to a greater extent than before the interests and wishes of the cowboys have become of serious concern to the moguls of Wall Street.

One rough measure of the political ascendancy of the cowboys is the number of them who actually occupy high positions in Washington. Of the four members of what Nixon likes to call his "super-super cabinet," three of

[1] Evidence of their cozy relationship may be found in Leonard Lurie, *The Running of Richard Nixon* (Coward, McCann, and Geoghegan, 1972), and Earl Mazo and Stephen Hess, *Nixon* (Harper & Row; Popular Library, 1968).

[2] Johnson's assumption of power had several consequences beyond the enthronement of a man heavily in political debt to conservative Texas oil, among them the squelching of the Bobby Baker and TFX-Convair (Dallas) investigations, the exercise of American pressure to forestall a threatened nationalization of American oil interests in Argentina, and the reversal of Kennedy's announced plans to begin withdrawing troops from Vietnam.

them—the three with the highest authority in domestic affairs (the fourth is Kissinger)—are from the Southern rim: Roy Ash (California: millionaire defense contractor), John Ehrlichman (California, out of Seattle: lawyer, politico), and Bob Haldeman (California: PR man). On the cabinet level there are Anne Armstrong (Texas: Republican politico), Claude Brinegar (California: Union Oil executive), Frederick Dent (South Carolina: textile millionaire), Richard Kleindienst (Arizona: Goldwater crony), and Caspar Weinberger (California: Republican politico and ex-Reagan aide).

Of the five Nixon nominees to the Supreme Court, three (Rehnquist, Carswell, and Haynesworth) were wool-died Southern-rim conservatives and one (Powell) was a right-wing Virginian who was also a director of oil and gas corporations. The key appointments to the increasingly powerful Republican National Committee have all been from the Southern-rim—co-chairpersons George Bush (Texas: oil company co-founder) and Janet Johnston (California: rancher) and general counsel Harry Dent (South Carolina: lawyer, ex-GOP state head). The rim influence is here so strong that there have even been published complaints from Midwestern Republicans about a "Southern Mafia."[3]

And peppered throughout the government are such key cowboys as press secretary Ronald Ziegler (California: public relations), Frederic Malek, second-in-command of the budget (South Carolina: tool-manufacturing millionaire), Commissioner of Education John Ottina (California: defense industry consultant), Director of Communications Herbert Klein (California: Copley Press executive), Deputy Secretary of Defense William Clements (Texas: oil millionaire), Assistant Agriculture Secretary Robert Long (California: Bank of America executive), Undersecretary of State William Casey (a New Yorker, but director and counsel of a Southern-rim agribusiness corporation). . . . And on and on, scores more throughout the top levels of the Administration, not even balanced this term by very many liberals and Easterners.

[3] *New York Times*, March 27, 1973, p. 27.

A second measure of cowboy penetration is their preponderance among Nixon's major financial supporters. Though the loopholed campaign-spending laws permit only partial identification of the top money men, it seems clear at least that the chief sources of Nixon's campaign finances—and therefore presumably the people whose interests the President will try to keep dominant—are independent oil producers, defense contractors, right-wing unions, rich conservative businessmen, and various Southern-rim manufacturers. This does not mean, of course, that the more traditional sources of Republican money, such as the old-money families and yankees new and old throughout the financial world, have been thoroughly displaced or no longer make big contributions, but only that their position is being steadily narrowed and their importance therefore steadily decreased.

Oil money, for example, has always found its way into politics, as much from the old corporations with chiefly international interests as from the new independents who have sprung up along the Southern rim.[4] But it has been the latter who have been most important in Nixon's career, from such supporters as Union Oil, Superior Oil, and Texas ultraconservative H. L. Hunt, who helped finance his early campaigns, through California right-winger Henry Salvatori, the Texas Murchison family, and at least a third of the backers in the 1952 "slush fund." In this last campaign there were some large contributions from old oil—Richard Mellon Scaife (Gulf Oil, among other interests) gave $1 million, the Phipps family (Texaco among others) gave at least $55,000—but the striking fact is the number of domestic oil donors, rimsters or with rim interests, people like Kent Smith (Lubrizol, $244,000), Francis Cappeart (Southern oil and agribusiness, $174,000), John Paul Getty (Getty Oil, $97,000), John J. Shaheen (Shaheen Natural Resources, $100,000), Elisha Walker (Petroleum Corporation of America, $100,000), Max Fisher (Marathon Oil, $60,000), the O'Connor family (Texas Oil, $60,000), and the Osea Wyatt family (Coastal States Gas, $41,000).[5]

Other major sources of support in the last campaign can be traced, too, and they follow the same general pattern: some sizable donors from the old-money families and new-money Easterners, but surprising strength from the Southern rim. Among the largest donors with defense interests last year were yankees like Arthur Watson (IBM, $303,000) and Saul Steinberg (Leasco, $250,000), but they were matched by the rimsters, people like Charles and Sam Wyly (Dallas computer company, $172,000), Thomas Marquez (Electronic Data Systems, Dallas, $88,000), Howard Hughes (Hughes Tool, etc., Houston, $100,000), Ling-Temco-

[4] There have been several valuable surveys of the effect of oil on politics, among the best of which are Ronald Dugger, *Atlantic*, September, 1969; Robert Engler, *The Politics of Oil* (Macmillan, 1961); Erwin Knoll, *New York Times Magazine*, March 8, 1970; Morton Mintz and Jerry S. Cohen, *America, Inc.*, Chapters 4 and 5 (Dial, 1971); Robert Sherrill, *The Accidental President* (Grossman, 1967, Pyramid, 1968); and Michael Tanzer, *The Political Economy of International Oil and the Underdeveloped Countries* (Beacon, 1969).

[5] These figures are from the Citizens Research Foundation of Princeton, New Jersey, a group that tries to keep track of all the sources of campaign money. They are generally only estimates and often represent only a small part of what was actually given. Other major oil donors and fund raisers on the CRF lists include Arthur E. Johnson (Midwest Oil), Thomas Pappas (Esso-Pappas), the Pew family (Sun Oil), William Liedtke (Pennzoil), J. A. Vickers (Vickers Petroleum), and H. W. McCollum, Philip Kramer, and J. D. Callender (Amerada Hess).

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by admitting he intervened with Ehrlichman and others in the White House to get the price increase for the milk producers and subsequently arranged the channeling of their contributions to the Nixon campaign.[14]

Whatever else you want to say about these presidential pals, they hardly seem to be the kind that Billy Graham, let's say, should approve of.

Rebozo, the inscrutable man who is closest of all to Nixon—the latest example of his intimacy being the donation of his $100,000 Bethesda home to Julie Nixon Eisenhower—deserves a somewhat closer examination here, for in some ways he personifies the cowboy type.[15] Rebozo, Cuban-born of American parents, grew up in relative poverty, and at the start of World War II he was a gas-station operator in Florida. With the wartime tire shortage Rebozo got it into his head to expand his properties and start a recapping business, so he got a loan from a friend who happened to be on the local OPA tire board (a clear conflict of interest)[16] and before long was the largest recapper in Florida. In 1951, he met Richard Nixon on one of the latter's trips to Miami and the two seem to have hit it off: both the same age, both quiet, withdrawn, and humorless, both aggressive success-hunters, both part of the new Southern-rim milieu.

Rebozo later expanded into land deals and in the early 1960s established the Key Biscayne Bank, of which he is president and whose first savings-account customer was Nixon. This bank in 1968 was the repository of stolen stocks, originally taken and channeled to the bank by organized-crime sources. Rebozo clearly suspected there was something dubious about these stocks (he even told an FBI agent that he had called up Nixon's brother Donald to check on their validity), but he subsequently sold them for cash, even after an insurance company circular was mailed out to every bank listing them as stolen.[17] Small wonder that the bank was thereupon sued by the company which had insured those stocks. (The case was eventually tried before a Nixon-appointed federal judge, James Lawrence King, who himself had some interesting banking experience as a director in 1964 of the Miami National Bank, cited by the *New York Times* [December 1, 1969, p. 42] as a conduit for the Meyer Lansky syndicate's "shady money" from 1963 to 1967. King decided against the insurance company, but the case is now being appealed to a higher court.)

At about the same time as the stolen stocks episode came the shopping-center deal. Rebozo, by now a very rich man, still managed to get a loan out of the federal Small Business Administration—one of five which he somehow was lucky enough to secure in the 1960s, perhaps because of his friendship with ex-Senator George Smathers (who had been on the Senate Small Business Committee and who wrote the SBA to help Rebozo get another loan), or perhaps because the chief Miami officer of the SBA also

happened to be a close friend of Rebozo's and a stockholder in his bank. This, coupled with the fact that Rebozo never fully disclosed his business dealings in making applications to the SBA, led *Newsday*, in a prominent editorial, to denounce the SBA for "wheeling and dealing . . . on Rebozo's behalf,"[18] and it led Representative Wright Patman to accuse the SBA publicly of wrongdoing in making Rebozo a "preferred customer."[19]

With one of the SBA grants Rebozo proceeded to build an elaborate shopping center, to be leased to members of the right-wing Cuban exile community, and he let out the contracting bid for that to one "Big Al" Polizzi, a convicted black marketeer and a man named by the Federal Bureau of Narcotics as "one of the most influential members of the underworld in the United States."[20]

Rather unsavory, all that, if not precisely criminal, and a rather odd career for an intimate of our moralistic President. But Nixon seems not to mind. In fact he has even gone in with Rebozo on at least one of his deals, a Florida real-estate venture called Fisher's Island Inc., in which Nixon invested some $185,891 around 1962, and which he sold for exactly twice the value, $371,782, in 1969. It seems to have been a peculiarly shrewd deal, since the going rate for Fisher's Island stock had not in fact increased by a penny during those years and certainly hadn't doubled for anyone else—but happily for the stockholders, Nixon shortly thereafter signed a bill paving the way for $7 million worth of federal funds for the improvement of the Port of Miami, in which Fisher Island just happens to be located.[21] In any case, that's small enough potatoes for a man in Nixon's position, and seems to reflect the fact that, no matter how many rich wheeler-dealers he has around him, Nixon himself is not out to make a vast personal fortune as his predecessor did.

But the unsavoriness surrounding Bebe Rebozo does not stop there. For in the mid-1960s Rebozo was also a partner in a Florida real-estate company with one Donald Berg, an acquaintance of Nixon's and the man from whom Nixon bought property in Key Biscayne less than a mile from the Florida White House. This same Donald Berg, who has been linked with at least one associate of mobster Meyer Lansky, has a background so questionable that after Nixon became President the Secret Service asked him to stop eating at Berg's Key Biscayne restaurant.[22] Finally, according to Jack Anderson, Rebozo was "involved" in some of the real-estate deals of Bernard Barker—the former CIA operative who was the convicted payoff man for the Watergate operation last year.[23]

It is not surprising that *Newsday*, among many others, has concluded: "The deals made by Bebe Rebozo . . . have tarnished the Presidency."[24]

Mention of Bernard Barker brings up the Watergate scandal, perhaps even more interesting because it is so complicated and revealing of the interlocking relations along the Southern rim. We are far from knowing all the details as yet, but an examination of the people known to have been involved does provide a clear window on the Nixon milieu.

Watergate, and at least some of the other operations against the Democrats and radical political groups last year, was paid for by cowboy money. Most of it came from Texas oil, channeled through Nixon fund-raiser Robert Allen (Gulf Resources),[25] "laundered" in a Mexican bank, and then carried to Republican finance chairman Maurice Stans by an executive of Penzoil.[26] The rest came from a Minneapolis "soybean king," Dwayne Andreas,[27] with a home and investments in Florida and ties to Southern money, and was delivered to Stans by a crony of Andreas's with Florida investments of his own.[28] The money stayed for a time in Stans's safe and then was deposited in a Miami bank for Bernard Barker, Rebozo's business associate, a man who had worked for the CIA, had been paymaster of the Bay of Pigs operation, was close to the anti-Castro-pro-Batista Cuban community in Miami, and masterminded at least three

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[14] *New York Times*, January 28, 1973, p. 12.

[15] Rebozo's career has been examined in at least three recent studies which also spell out other unsavory aspects of those in the Nixon circle and cast doubt upon the President's own behavior. *Newsday* published a series of articles on Nixon's Florida connections in the fall of 1971 (available as a "Special Report" from *Newsday*, 550 Stewart Avenue, Garden City, New York 11530); a New Leftish magazine called *SunDance* (1913 Fillmore Street, San Francisco, California 94115) ran an article by journalist Jeff Gerth in its issue of November-December, 1972; and the North American Congress on Latin America (Box 57, Cathedral Station, New York, New York 10025) published a booklet on Nixon's links to organized crime and the Watergate affair in October, 1972. In constructing this portrait of Rebozo, as in other sections in this article, I have also used the copious and careful researches of Peter Dale Scott.

[16] A violation of OPA guideline 3C-118; *SunDance*, November-December, 1972, p. 35.

[17] *Newsday*, "Special Report," pp. 16-20.

[18] The exposé of Rebozo's dealings with the SBA was in *Newsday*, "Special Report," pp. 9-15; the editorial, p. 43.

[19] Quoted in *Newsday*, "Special Report," p. 10.

[20] Ibid., p. 14.

[21] Fisher's Island details are to be found in Lurie, *The Running of Richard Nixon*, pp. 305-308; *Newsday*, "Special Report," pp. 42-43; and *SunDance*, p. 64.

[22] *Newsday*, "Special Report," pp. 40-42. Two mortgages on a part of the property Nixon bought from Berg were held, from 1967 to 1971, by Arthur Desser, a Florida real-estate operator who was another director of the Miami National Bank during the time it was a Lansky syndicate conduit. Nixon let this property go unrecorded in the Dade County Clerk's office for four years, until the mortgages were paid off in March 1971, presumably because he wanted no public record of his connection with a man like Desser (*SunDance*, p. 64).

[23] See Jack Anderson's Washington column for weekly newspapers, United Features Syndicate, June 26, 1972.

[24] *Newsday*, "Special Report," p. 43.

[25] Which the Nixon re-election committee acknowledged March 9, 1973, in returning $100,000 to Allen; *New York Times*, March 10, 1973, p. 1.

[26] *New York Times*, ibid., and *Time*, October 23, 1972, pp. 23-30.

[27] See "Report of the General Office of Federal Elections to the Comptroller General of the United States, Audit of the Finance Committee to Re-elect the President," issued by the US General Accounting Office, August 26, 1972.

[28] To get an idea of how complicated Southern-rim contacts can be, try this. Andreas's crony, Kenneth Dahlberg, a Nixon fund-raiser, was also a director of a Florida bank whose co-chairman was a major stockholder in an investment group called Penphil and who has benefitted enormously from Penphil's favors. Penphil has since been accused by a congressional committee of helping to bankrupt the Penn Central Railroad, and two of its organizers and one of its key shareholders have been indicted for criminal conspiracy in manipulating more than $85 million of Penn Central investments for their own personal profit. (*New York Times*, January 5, 1972, p. 1).

Among Penphil's major investments were a Florida gas company, two Florida banks, and a Dallas investment corporation, which also owned a California real-estate operation—a rather

Vought (Texas, $60,000), and Litton Industries ($18,000).

Southern-rim new-money businessmen included Walter T. Duncan (Texas, real estate, $305,000), Sam Schulman (California, National General conglomerate, $257,000), John and Charles Williams (Oklahoma manufacturers, $98,000), M. B. Seretean and Eugene Barwick (Southern textile manufacturers, $200,000), Anthony Rossi (Florida, Tropicana, $100,000), C. Arnholt Smith (California financier, $50,000), and L. B. Maytag (Florida, National Airlines, $50,000). Donors among the major organizations include three with extensive rim contracts, the Texas-based Associated Milk Producers ($782,000), and two right-wing unions, the Seafarers (with direct oil and agribusiness links, $100,000) and the Teamsters (with heavy investments from Southern California and Las Vegas to Miami, an estimated $100,000).

Perhaps an even more revealing measure of the rimsters' influence is their dominance of the Nixon inner circle. Now their numbers are hardly legion, because this President is an essentially friendless man, a distrustful person with few close cronies, but the few that exist are, almost to a man (no women), from the sunbelt states. The only visible exceptions are Donald Kendall and Secretary of State William Rogers, both solid Easterners, and even they are new-money, up-from-poverty types.

The rest are people like Southern California businessmen Jack Drown, Ray Arbuthnot and C. Arnholt Smith, California politician Robert Finch (a friend, apparently, even after his fall from office), and four men who seem to be closest of all to the President: Herbert Kalmbach, a rich Los Angeles lawyer who is the President's personal counsel and was his chief fund raiser during 1971; John Connally, the oil-tied Texas politician who is Nixon's financial guru and reportedly his choice as successor; Murray Chotiner, the California lawyer who has been with Nixon since the beginning and during 1971 and 1972 was with him in the White House; and Bebe Rebozo, the Florida millionaire who is reckoned to be the most intimate of all with the President. All of these are fairly typical Southern rimsters, all are new-money people, all are well-off, and all of them (except maybe Finch) are politically conservative. Most disturbing of all, several of these people have had the taint, and sometimes the full stigma, of scandal around them.

This last attribute deserves somewhat more attention, for it is inevitably one of the most striking features of the political cowboys and one with very serious implications for our national life. Without going into a full portrait of the noisome character of so much of the Southern rim—home of well-established organized-crime centers in such places as Las Vegas, New Orleans, and Miami, the last having lately become a veritable Marseilles—one can still note that many of Nixon's closest friends from this region are, to a remarkable and unhealthy degree, guilty of improprieties in business, a certain disregard for public trust, a general lack of ethical sophistication, or in some cases direct association with criminal figures. To cite a few examples:

Herbert Kalmbach has been identified as one of the five people in charge of funds for the million-dollar Republican operation to sabotage the Democratic campaign last year,[6] and according to the FBI he personally gave Republican funds to Donald Segretti, the California lawyer who by all accounts (none denied) was the West Coast leader of that operation;[7] Kalmbach has also been identified in sworn court papers as the strong-man in the Republicans' efforts to squeeze some $700,000 out of the large milk producers in return for a government-approved price raise.[8]

Connally, whose service on behalf of rich Texas oilmen has been well documented, was attorney for Texas millionaire Sid Richardson when he engineered a million-dollar payment to Texas oilman Robert Anderson in the mid-Fifties;[9] and while governor of Texas he trickily denied the fact that he had received at least $225,000 from the multimillion-dollar Richardson estate,[10] a payment that was possibly in violation of the Texas constitution.

Chotiner has also had a career of slimy dealings ever since he first invented the Pink-Lady attack on Helen Gahagan Douglas: between 1949 and 1952 he handled some 221 gambler-bookmaker cases in Los Angeles;[11] he was instrumental in getting a deportation order rescinded for Philadelphia mobster Marco Reginelli in the 1950s;[12] in 1956 the McClellan Senate committee investigated his role as attorney for a convicted clothing racketeer and exposed (but did not fully explore) his influence-peddling activities in Washington;[13] and most recently he has acknowledged in court papers his own role in the milk scandal

[6] *New York Times*, February 11, 1973.

[7] Senate hearings, March 7, 1973; *New York Times*, March 8, 1973, p. 1.

[8] *New York Times*, January 11, 1973, p. 1.

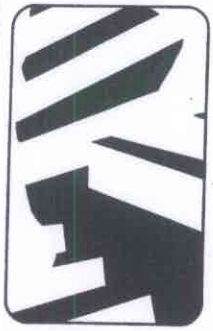
[9] Sherrill, *The Accidental President* (Pyramid edition), pp. 122, 236. The payment was to compensate Anderson for an anticipated salary cut he would take as Vice President on the 1956 ticket, for which his Texas oil friends were then pushing.

[10] *New York Times*, February 1, 1971, p. 1; February 3, 1971, p. 1.

[11] Drew Pearson's column, May 1, 1956, distributed by Bell Syndicate; *USA: Second Class Power*, by Drew Pearson and Jack Anderson (Simon and Schuster, 1958), p. 281.

[12] Jeff Gerth, *SunDance*, November-December 1972, p. 66.

[13] McClellan Committee hearings, May 3, 1956, *Textile Procurement in the Military Services*, Vol 21, pp. 1563-1602.



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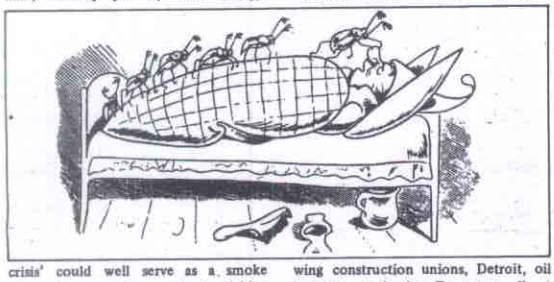
tempt to forestall Allende makes clear. Who knows what other schemes ITT may be hatching right now in some other part of the world? Who knows what other secret plans the Republican party has ready to serve its own narrow purposes?

On a somewhat less sordid level, we can also get a glimpse of how the second government operates by looking at the recent "energy crisis" furor. Now the fuel resources of this country are quite possibly being dangerously depleted—though, as James Ridgeway has pointed out, since few independent surveys have been made, it's almost impossible to tell[46]—but the evidence indicates that the recent "crisis" was created not so much by diminishing supplies as by the oil interests, both those with international ties who wanted to increase shipments from abroad and domestic producers along the Southern rim. With winter coming on and the refineries having concentrated on gasoline rather than heating fuel over the summer, the industry last year launched a $3 million PR campaign[47] to create panic buying at higher rates and force a relaxation of unwanted pollution standards ("buy dirty or freeze"). As a Ford Foundation energy consultant, S. David Freeman, recently put it, "The 'energy crisis' could well serve as a smoke screen for a massive exercise in picking the pocket of the American consumer to the tune of billions of dollars a year."[48]



The Nixon Administration, as might be expected, considering its enormous debt to oil, bought the "energy crisis" line and pushed it upon the public with all the skill of the Petroleum Institute itself. It has made provisions in the new budget for considerable money to be given to domestic producers for "technical assistance"—especially to develop oil-from-coal extraction—and this is likely to increase in future budgets. It permitted a hefty 8 percent rise in heating-oil costs in the middle of January, right after price controls were lifted (thus making its ballyhooed 1 percent price freeze in March almost pointless). And it has just proposed a new energy program which, while allowing more foreign oil imports, to the benefit of the larger international concerns, is explicitly designed for the advantage of domestic producers through the imposition of a set of tariff-like "fees" on imports and the official encouragement of domestic resource development and refinery construction. Its net effect is to increase the value of in-ground resources in this country, which will be vital in case of future international troubles or eventual shortages.

More of the same governmental largesse can be expected in the future. The Administration, disregarding its recent setback by the Supreme Court, will step up pressure in Congress to pass laws permitting the Alaskan pipe-line favored by oilmen and damned by environmentalists (one source has already said the latter are fighting a lost cause). It is likely to open up the Eastern seaboard's continental shelf to oil explorers and exploiters. It will press for the no-control strip-mining bill already in Congress on the grounds that quick coal-gathering, even if ecologically disastrous, is necessary to meet energy needs, a conclusion that chiefly benefits the Western and Southwestern coal operators. And it is more than likely to postpone enforcement of the federal pollution standards which, much to the dismay of the fuel corporations, were supposed to have gone into effect in 1975.

Other examples of the influence of the Southern rim, operating through this shadowy second government, are sure to emerge in the coming months: more money for defense industries, for example, following the $4.1 billion increase in the new budget even after the Vietnam cease-fire; support for road building over mass transportation, satisfying boom-area industry, right-wing construction unions, Detroit, oil interests, and the Teamsters all at once; continued encouragement for TV and radio licensing challenges from conservative cowboys against yankee-owned stations; expansion of American influence in the Caribbean, where so many of Nixon's friends have heavy investments (Connally, Rebozo, Robert Abplanalp, the Murchisons, etc.).

Other scandals—whether called by that name in the press or not, as with the Watergate "caper"—are also sure to follow, for it seems obvious that the kind of milieu in which the President has chosen to immerse himself will continue to produce policies self-serving at best, shady at average, and downright illegal at worst, and that at least some of this will break through to public attention. It also seems probable that the American public will continue to pay it all not much mind, despite worries from some Republicans now, and indeed that many people in the land identify themselves with—or at least dream themselves as—the new-money wheeler-dealers and seem to regard influence-peddling and back-scratching as the true stuff of the American dream. But that's another story.

The real trouble with such oil stains, not to mention spots of fetid dirt, is that they are very hard to wash off your hands. Some liberals, clucking with glee over the new Watergate disclosures, might like to believe that the power of the Southern rimsters is going to vanish after Nixon and his immediate friends leave office. As I

[46] *Village Voice*, February 1, 1973.

[47] *Washington Post*, February 4, 1973.

[48] *Nation*, February 19, 1973, p. 229.

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read it, however, this power is not likely to be washed away with a new administration; no matter what party it comes from, for the entrenched position of the Southern rim in the American economy is not likely to diminish—indeed, seems most likely to increase—in the decades to come.

There will certainly be more exploitation of its untapped energy resources, on shore and off, more dependence upon its defense expertise. There will be more reliance upon its (often) union-free labor, both in agriculture and textile manufacturing, more trade (legal and illegal) across its wide-open borders to Latin America. There will also continue to be more population growth in its undeveloped areas, automatically shifting political power (as with the House of Representatives), and more growth especially in its suburbs, where the Supreme Court's one-man-one-vote decision has so far had the largest effect and where political power has already been transferred to a considerable degree to Republicans and conservatives.

What is at work here is nothing less than Kevin Phillips's (and Richard Nixon's) Southern strategy, the creation of a coalition of conservative forces within the Republican party so as to make it, for the first time since 1932, the majority party in the country.[49] It is built on the population growth of the Southern rim, the increased *voting* population of the new-money suburbs, the galloping desertions from the ever-blackening Democratic party in the South, the rampant I'm-all-right-jackism of the established nonurban unions, and of course the financial wealth and shady dealings of the cowboys. If that strategy is correct, and every indication from the last two elections suggests that it is, the reversal of power that it has brought is likely to last just as long as the one that brought Roosevelt to power. □

[49] For an interesting analysis of this strategy, with so-far spot-on predictions from Phillips himself, see Gary Wills, *Nixon Agonistes* (Houghton Mifflin, 1969), Signet edition, pp. 246-251.

Santa Barbara, Pike spoke to his discarnate son. His account of these séances, in his book *The Other Side*, was a Daisley bonanza. The medium moved from a tiny abode to a $70,000 house, now the headquarters of his Hallowed Grounds Fellowship for Spiritual Healing and Prayer. Last year his fee for a sitting was $30, and there was a six-month waiting list.

In 1967 Pike had his most dramatic encounter with Jim. At Lily Dale, Spraggett had met Arthur Ford, an almost forgotten American medium,

and had been overwhelmed by Ford's clairvoyant powers. Why not bring Pike and Ford together for a séance and televise it? The sitting was videotaped in Toronto on September 3. Two weeks later, a half-hour portion of the two-hour session was shown on Canadian prime time. It was the biggest psychic news story since Bridey Murphy.

Compared to the great mediums of the past, with their jangling tambourines, floating trumpets, and glowing ectoplasm, Ford put on a dull performance. As was his custom, he covered his eyes with a black silk cloth, fell into a trance, and was immediately taken over by Fletcher, his spirit control since 1924. After introducing several discarnate churchmen Pike had known, Fletcher presented a "boy" who turned out to be Jim. "This boy," said Fletcher, ". . . wants you to understand that you, nor any other member of your family, have any right to feel that you failed him in any way."

Pike was deeply moved. "Thank you, Jim," he said. Three months later he had a private séance with Ford that moved him even more. In *The Other Side* he goes into detail about its "evidential" material. The ESP theory (so dear to parapsychologists who cannot buy the spirit world) that Ford was picking Pike's mind is ruled out; too much evidential data was unknown to Pike himself at the time.

In 1968, divorced from his second wife, Pike married Diane Kennedy, his secretary who had helped him write *The Other Side*. The following year, when he and Diane were touring the Holy Land, they became lost in the Dead Sea desert and Pike died of a fall while Diane was seeking help. Spraggett lost no time dashing off *The Bishop Pike Story* (1970). Diane lost no time dashing off *Search* (1970), her account of Pike's death in the wilderness.

Ford died in Miami on January 4, 1971. On the day of his death, his spirit instantly began dictating a book on the afterlife to Ruth Montgomery. It was published later in the year as *A World Beyond*. Ford had willed his papers to William V. Rauscher, rector of Christ Episcopal Church, Woodbury, New Jersey, a convinced Spiritualist and long-time friend. Rauscher delivered Ford's funeral eulogy. He proposed to Spraggett that the two collaborate on what the book's jacket calls the "authoritative biography of the world's greatest medium."

World's greatest? Perhaps Ford was the best-known native medium of recent decades, but modern mediums are a scrubby lot compared to the earlier giants. One thinks of the Davenport brothers, with their marvelous stage show; Daniel Dunglas Home, who floated out one window and back through another; Eusapia Palladino, the fat little Italian lady who hoisted heavy tables; Henry Slade, the slate writer; Margery, the "blonde witch of Boston"; and scores of others. Those were mediums who really *did* things!

Ford's dreary history begins with his birth in 1897 at Titusville, Florida. At seventeen he was studying to be a minister in the Disciples of Christ Church, at their Transylvania (shades of Count Dracula!) College, Lexington, Kentucky. He dropped out to enlist in the army. In his autobiography, *Nothing So Strange*, and his later book of memoirs, *Unknown but Known*, Ford said flatly that he never got overseas, but Spraggett cites four published

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running the CRP and according to McCord was the "overall boss" of the operation.[37]

Stans, who stayed on, has since been shown to be directly involved in at least one other piece of chicanery having to do with a secret $200,000 campaign gift he accepted in cash from Arthur Vesco of Investors Overseas Service (heavily invested, incidentally, in the Bahamas), a man then (and now) being sued by the SEC for having "spirited away" some $224 million from four mutual funds.[38]

There can be little doubt finally that the entire sabotage campaign was at least tacitly approved, if not actually orchestrated, by the President himself—a conclusion which subsequent presidential actions seem only to confirm, from the hasty attempt at a "no-one-was-involved" coverup to the testy erection of "executive privilege" barriers. And so there it is: from the top level of the government, through two of Nixon's closest advisers and the "California Mafia" in the White House, through CIA career men and right-wing Miami exiles, down to Florida businessmen and Texas oil millionaires. This is the world of the thirty-seventh President.

Maybe Nixon's Quaker brethren were right all along. One leader of the Whittier, California, Quaker meeting—of which Richard Nixon is still a member—has gone on record as being "quite concerned personally for the spiritual life of Richard Nixon"; the entire body once debated "the removal of Richard Nixon from membership" for his un-Quakerly prosecution of the Vietnam war; and his own mother, Hannah Milhous Nixon, a member of the committee charged with members' "spiritual health," even had serious enough doubts about her son to advise him "not to run for President."[39]

The purpose of examining all of this is not, of course, to sling more mud on a figure already as splattered as a happy hippopotamus, but to try to clarify the shadowy world of Nixon's bedfellows and to examine the extent of what is almost a second government, an unofficial but very important nexus of power behind the acknowledged civics-textbook institutions. This second government, as we have begun to see, is a combination of vast and complicated interlocking forces, pulling in the CIA here and organized crime there, using politicians one time and emigré thugs the next, which seems to regard government as a tool for financial enrichment, and is to a large extent financed by and working to the benefit of the newer exploitative businesses, chiefly in the Southern rim.

Perhaps because they are new to the game, perhaps because they just feel they can get away with it, the more recent operatives of this second government seem to have been a little clumsy, inadvertently supplying several revealing glimpses into their world.[40]

Take the Soviet wheat deal, a bonanza for certain American shippers and agricultural middlemen, oddly enough with Republican ties. Or the cost-plus banditry which such defense giants as Litton and Ling-Temco-Vought have been allowed to get away with. Or the funny dealings of Under Secretary of State and former SEC chairman William Casey, who is one of seventeen defendants in a $2.1 million federal damage suit, charged, in the words of the court-appointed trustee, with "self-dealings among themselves for their own personal self-gain but to the utmost detriment and damage" to a Southern rim agribusiness corporation which went bankrupt a week after Casey was nominated for the SEC.[41] Or the charges against California businessman and former Assistant Attorney General Robert Mardian, a leader of Nixon's CRP whom McCord has linked to Watergate and whom the *New York Times* has accused of getting confidential information from the Justice Department to use in the Republican campaign.[42]

Or the findings of "profound immorality and corruption" by a nonpartisan investigating committee of the Argentine legislature against Texan William Clements, now Deputy Secretary of Defense, for his very profitable role in a multimillion dollar oil deal, a deal in which he was partners with one man who is suing him for fraudulent conspiracy and two others who have skipped the US to avoid paying taxes on their profits.[43] Or the neat little deal by which Director of the Budget Roy Ash and a partner in 1969 traded twenty-two acres of land in California with the Federal Bureau of Lands for 14,145 acres of government-owned land in Nevada,[44] or his even neater dumping of some $2.6 million worth of Litton stock in 1970, not long before it became public that Litton's shipbuilding program was in deep trouble and the price of the stock dropped by half, the implications of which are now being looked into by the SEC.[45] Or, . . . but just wait until tomorrow morning's paper.

All of these glimpses into the world of the second government—and they are obviously only tip-of-the-iceberg glimpses—suggest that there are important operations going on beyond the reach of ordinary citizens or of party politics, in many ways beyond even the control of Congress. And though these operations involve men at the top levels of government, they do not seem to indicate any great attachment to democratic processes, as the acknowledged campaign to sabotage one major political party bears witness, or to the constitutional exercise of foreign policy, as the acknowledged at-

[37] *New York Times*, March 30, 1973, p. 1.

[38] *New York Times*, February 28, 29, 1973, p. 1, and March 2, 1973, p. 15.

[39] *Minutes and Proceedings* of the 275th Session of the New York Yearly Meeting of the Religious Society of Friends, Silver Bay, New York, July 26-August 2, 1970, p. 37.

[40] Even one of the old operators of this type has recently misstepped. ITT, which has been quietly cosy with the CIA since World War II, recently had to acknowledge its attempt to pay a million dollars to the White House and the CIA to prevent Allende's election in Chile, and this followed not long after its public embarrassment in being caught bribing and armtwisting to pave the way for its multibillion dollar Hartford Fire Insurance merger.

[41] *New York Times*, January 18, 1973, p. 10; *Wall Street Journal*, January 16, 1973, p. 1.

[42] *New York Times*, October 13, 1972.

[43] *New York Times*, December 21, 1972.

[44] *New York Times*, December 4, 1972.

[45] Representative Les Aspin, *Nation*, February 26, 1973; *New York Times*, January 24, 1973, p. 6.

forays by Cuban emigrés to attack antiwar protesters in Washington last spring.[29]

Barker was paymaster this time around, too, and personally recruited three others, all of whom subsequently pleaded guilty at the Watergate trial: Eugenio Martinez, another old CIA operative and a real-estate business partner of Barker's, and also vice president of another real-estate firm with whom both Nixon and Rebozo have done business;[30] Frank Sturgis, a CIA operative, who lost his citizenship at one time for his Caribbean gun-running activities (first for Castro in 1958, then against him in 1962), and organizer of a "Cubans for Nixon" demonstration at Miami Beach last year;[31] and Virgilio Gonzalez, also a CIA operative in on the Bay of Pigs, and a member of a right-wing anti-Castro organization run by the same people who ran the "Cubans for Nixon" operation both last year and in 1968.

These four men were guided in their operations by at least three others with close connections to the Nixon inner circle, all of whom have been convicted for their part in Watergate: Gordon Liddy, a former FBI agent who had worked on espionage matters in the White House under Ehrlichman, who was assigned by White House counsel John Dean to Nixon's Committee to Re-elect the President (CRP), and who thereupon, according to trial testimony, set up the Republican sabotage campaign; James McCord, a twenty-year CIA agent with extensive contacts among the anti-Castro community, who was "security coordinator" for the CRP and who says that Dean cleared him for the job;[32] and Howard Hunt, another career CIA agent (chief operations officer for the Bay of Pigs) and former White House consultant, who became a CRP operative in 1971. Having spooks right in the White House seems bad enough, but the sorry trail goes on—in fact goes on for two more steps.

The first step involves at least three other men besides Dean who were White House aides to Nixon: Charles Colson, Hunt's supervisor at the White House and head of a White House anti-Democrat committee known as the "attack group";[33] Gordon Strachan, a Haldeman assistant who (according to an FBI file) was the chief link to the reported California saboteur, Donald Segretti, and according to the *New York Times* was the White House contact for the Watergate people;[34] and Dwight Chapin, another White House Californian and Haldeman aide who, according to L. Patrick Gray III, transmitted funds to his old college friend Segretti, mostly through—here he is again—Herbert Kalmbach.[35] (In the recent hearsay testimony of McCord to the Senate Watergate Committee Haldeman himself is said to have known "what was going on" at CRP.)

The second step leads to two men close to Nixon, personally and professionally, CRP treasurer Stans and CRP chairman John Mitchell. Though things get pretty shadowy at this point—partly because Nixon's FBI hasn't investigated much here—it seems obvious that both men condoned the anti-Democratic operations, and trial testimony indicates that both men approved specific payments to spymaster Liddy out of Stans's own office safe.[36] In addition, Mitchell as CRP chairman was so implicated in the scandal—not least by his loquacious wife, who complained of John's "dirty things"—that he resigned his CRP position in July; it has since emerged that he met daily with McCord while

neat sweep of the Southern rim. This last outfit, Macco Corporation, had—are you ready?—Herbert Kalmbach as its vice-president, and Maurice Stans as an investor with stock options that turned out to be worth $570,000. How's that for full circle? (The Penphil story is told in full in Joseph R. Daughen and Peter Blinzen, *The Wreck of the Penn Central* [Little, Brown, 1971] pp. 148-175. For the role of the congressional committee, see House Committee on Banking and Currency, *The Penn Central Failure and the Role of Financial Institutions*, Staff Report, January 3, 1972.)

[29] *New York Times*, March 19, 1973; *Time*, October 23, 1972; NACLA booklet, p. 24 (see footnote 15).

[30] *SunDance*, p. 36.

[31] Senate Committee of the Judiciary, *Communist Threat to the United States through the Caribbean*, Hearings, 1965, pp. 918-920, 946, 951, 963-964; *New York Times*, June 28, 1972; NACLA, p. 24; *Washington Post*, June 18, 1972. Sturgis (then using the name Fiorini) was also involved in a scheme—aborted by the Miami police—to supply arms for a Nicaragua rebellion in 1959, using planes bought in his name originally for Castro (Senate Hearings, pp. 963-964); that same year he also flew a plane over Havana to drop anti-Castro leaflets, provoking a major diplomatic incident (*New York Times*, October 3, 1959, p. 12).

[32] Dean's assignment of Liddy emerged from testimony at the Gray hearings (e.g., *New York Times*, March 10, 1973, p. 1 and *Newsweek*, March 19, 1973, p. 21.) Trial testimony was reported in the *New York Times*, January 24, 1973, p. 1. The *New York Times*, April 7, 1973, reported his "clearing" McCord.

[33] *Washington Post*, February 8, 1973, p. 1. Colson has produced his own private lie detector test claiming that, in spite of McCord's impression, he was not involved specifically in Watergate. The *New York Times* reported, however, that, "The examination did not deal with the campaign of espionage and disruption that was reportedly directed from the White House. . ." (April 7).

[34] FBI file, *Time*, October 23, 1972; *New York Times*, February 7, 1973, p. 1.

[35] FBI testimony, reported by Gray, *New York Times*, March 8, 1973; Kalmbach, supra.

[36] *New York Times*, January 24, 1973, p. 1, March 18, 1973, Section 4, p. 1.

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